

**SUPERVISOR**

Brenda Gibbs

**CLERK**

Sheryl Smith

**TREASURER**

Vikki Spitzley

**TRUSTEES**

Danny Plowman

Tim Rumfield

# Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1979, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Sunfield Township	County Eaton
Fiscal Year End March 31, 2007	Opinion Date August 9, 2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

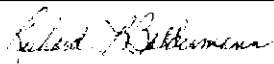
We further affirm the following material "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

☒ ☐ **Check each applicable box below** (See instructions for further detail.)

- 1 ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- 2 ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- 3 ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- 4 ☒ ☐ The local unit has adopted a budget for all required funds.
- 5 ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- 6 ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- 7 ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- 8 ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
- 9 ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- 10 ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- 11 ☐ ☒ The local unit is free of repeated comments from previous years.
- 12 ☒ ☐ The audit opinion is UNQUALIFIED.
- 13 ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- 14 ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
- 15 ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe):		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Richard L. Baldermann, CPA		Telephone Number 517-655-4772		
Street Address 1197 Wild Cherry Drive		City Williamston	State MI	Zip 48895
Authorizing CPA Signature 		Printed Name Richard L. Baldermann, CPA		License Number A234312

**Sunfield Township, Eaton County**  
**March 31, 2007**  
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## INDEPENDENT AUDITOR'S REPORT

August 9, 2007

Sunfield Township Board  
PO Box 68  
Sunfield, MI 48890

Dear Board Members:

I have audited the accompanying basic financial statements of Sunfield Township as of March 31, 2007 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Sunfield Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Sunfield Township as of March 31, 2007 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

My audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The required supplemental information, budgetary comparison schedule, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Richard L. Baldermann, CPA

**Sunfield Township**  
**Balance Sheet - Statement of Net Assets**  
**March 31, 2007**

**Exhibit 1**

	Balance Sheet Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
<b>Assets</b>			
Cash (Note 4)	\$ 182,477		\$ 182,477
Taxes Receivable-Delinquent	4,367		4,367
Assessments Receivable-Delinquent	7,090		7,090
Interest Receivable	160		160
Due From Tax Collection Fund	27		27
Due From State	17,714		17,714
Capital assets (Note 5)		\$ 188,903	188,903
<b>Total assets</b>	<b>211,835</b>	<b>188,903</b>	<b>400,738</b>
<b>Liabilities</b>			
Accounts payable	\$ 467		467
Deferred Compensation Payable			-
Due to Tax Collection Fund			-
Due to State	465		465
Due to Federal Government	699		699
Due to Fire District	12,377		12,377
<b>Total liabilities</b>	<b>14,008</b>		<b>14,008</b>
<b>Fund Balances - Unreserved</b>	<b>197,827</b>	<b>(197,827)</b>	
<b>Total liabilities and fund balance</b>	<b>\$ 211,835</b>		
<b>Net Assets</b>			
Invested in capital assets		188,903	188,903
Unrestricted		197,827	197,827
<b>Total net assets</b>		<b>\$ 386,730</b>	<b>\$ 386,729.75</b>

The Notes to Financial Statements are an Integral Part of this Statement.

**Sunfield Township**  
**Government Wide Statement of Activities**  
**For the Year Ended March 31, 2007**

**Exhibit 2**

Functions/Programs	Program Revenues			Net (Expense) Revenue and	
	Expenses	Charges for Services	Operating Grants and Contributions	Changes in Net Assets	
				Primary Government	
				Governmental Activities	Total
Primary Government					
General Government	\$ 81,880	\$ 8,959	\$ 3,373	\$ (69,549)	\$ (69,549)
Public Safety	82,707			(82,707)	(82,707)
Public Works	45,005	2,591	12,799	(29,615)	(29,615)
Health and Welfare	10,885			(10,885)	(10,885)
Other Functions	4,227			(4,227)	(4,227)
Interest on Long Term Debt	1,272			(1,272)	(1,272)
Total Governmental Activities	225,975	11,549	16,171	(198,254)	(198,254)
Total Primary Government	\$ 225,975	\$ 11,549	\$ 16,171	(198,254)	(198,254)
General Revenues					
Property Taxes				66,953	66,953
State Grants				111,834	111,834
Unrestricted Investment Earnings				3,410	3,410
Licenses and Permits				1,005	1,005
Other Revenue				83,818	83,818
Total General Revenues—Special Items and Transfers				268,818	268,818
Change in Net Assets				68,564	68,564
Net Assets--Beginning				318,185	318,185
Net Assets--Ending				\$ 386,730	\$ 386,730

The Notes to Financial Statements are an integral part of this statement.

**Sunfield Township****Exhibit 3****Statement of Revenues, Expenditures, and Changes in Fund Balance****General Fund****For the Year Ended March 31, 2007****Revenue**

Taxes	\$ 66,953
Licenses and Permits	1,005
State Grants	115,207
Local Grants	12,799
Interest and Rentals	3,410
Charges for Services	11,549
Other Revenue	83,616
Total Revenue	<u>294,539</u>

**Expenditures**

General Government	
Township Board	5,743
Supervisor	8,117
Assessor	13,691
Clerk	9,983
Treasurer	15,927
Board of Review	1,238
Elections	3,875
Cemetery	18,155
Public Safety	
Fire Department Appropriation	82,707
Public Works	
Drains-Public Benefit	24,724
Roads and Highways	8,888
Recycling Center	6,270
Health and Welfare	10,885
Other Functions	4,227
Capital Outlay	10,742
Debt Service	40,372
Total Expenditures	<u>265,541</u>
Excess (deficiency) of revenue over expenditures	28,998
Fund Balance-April 1, 2006	168,829
Fund Balance-March 31, 2007	<u>\$ 197,827</u>

The Notes to Financial Statements are an integral part of this statement.

**Sunfield Township  
Statement of Net Assets  
Fiduciary Fund  
March 31, 2007**

**Exhibit 4**

**Tax Collection Fund**

Assets

Cash (Note 4)	<u>27</u>
Total assets	<u><u>27</u></u>

Liabilities

Due to General Fund-Interest	<u>27</u>
Total liabilities	<u><u>27</u></u>

The Notes to Financial Statements are an Integral Part of this Statement.



Sunfield Township  
Notes to the Financial Statements  
March 31, 2007

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Sunfield Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

**A. Reporting Entity**

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity.

Sunfield Township is located in Eaton County and covers an area of 36 square miles. The Township provides services to its residents in many areas including fire protection, ambulance services, community enrichment and development, and human services. The Township is a general law township governed by a five-member board elected by the citizens of the Township. The Township Board consists of the supervisor, clerk, treasurer, and two trustees. The accompanying financial statements present the government and its component units, entities for which the Township is considered to be financially accountable. Based on the criteria established by the Governmental Accounting Standards Board (GASB), the Township has no component units.

**Joint Venture**

Fire District—Sunfield Township, in conjunction with Danby Township, Sebewa Township, and Sunfield Village, has entered into an agreement that created the Sunfield, Sebewa and Danby Fire Department. The Fire Department's board is composed of five members, of which Sunfield Township appoints one. The Township's financial responsibility is to contribute equal millage levy on real property taxable value. For the year ended March 31, 2007, the Township's contribution to the Fire Department was \$82,707.

**Related Organizations**

District Library—Sunfield Township in conjunction with the Village of Sunfield entered into an agreement to create the Sunfield District Library. The District Library is a legally separate organization established to provide library services to residents of the Township and Village.

The Sunfield District Library is located within the Village of Sunfield. The Library is operated by an eight-member Board, two appointed by the Village and five appointed by the Township, and provides library services to residents of Sunfield Township and Sunfield Village. The Township's accountability does not extend beyond this representation and making these appointments. Under a separate agreement with the State of Michigan, the Library provides services to residents of Sebewa Township. The Board is empowered to propose and levy upon approval of the electors a tax for support of the District Library. It may also borrow money and issue bonds pursuant to the District Library Financing Act 265 of 1988 (MCL 397.281 et seq.). The District Library indemnifies and holds harmless the participating municipalities from all claims and liabilities. The Township does levy a tax for the District Library; however, the Township does not hold title to any of the District Library's assets, nor does it have rights to any surpluses or responsibility to finance any deficits of the District Library.

Sunfield Township  
Notes to the Financial Statements  
March 31, 2007

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

**C. Fund Financial Statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and state-shared revenue are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Property Taxes**--The Township property tax is levied and collectible on December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxes are returned delinquent to the County Treasurer on March 1. It is the Township's policy to recognize revenues in the current year when they are made available for the financing of Township operations.

The 2006 Taxable Value of Sunfield Township amounted to \$57,765,250, on which ad valorem taxes of 1 mill was levied for Township operating purposes and 2 mills on real property was levied for fire department operations. The 2006 current tax levied included \$51,331.57 for Township operations and \$82,910.00 for fire department operations. The delinquent real taxes totaling \$4,367.17 and \$7,090.47 for the Township and fire department, respectively, are recorded as Taxes Receivable-Delinquent and Assessments Receivable-Delinquent.

The Township reports the following major governmental fund:

The General Fund is the Township's only operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of general Township departments.

Sunfield Township  
Notes to the Financial Statements  
March 31, 2007

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private-sector standards issued after November 30, 1989 for its business type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

**E. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits--**Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Receivables and Payables--**In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." All property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed by the County.

**Capital Assets--**Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental column in the government-wide financial statements. Sunfield Township does not have a formal capital asset policy. Capital assets are defined as assets with an initial cost of more than an established amount and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Retroactive reporting of infrastructure assets is not required for units of government the size of the Township.

**Fund Equity--**In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Sunfield Township  
Notes to the Financial Statements  
March 31, 2007

**NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the statement of net assets are different than those in the governmental fund balance sheet because:

Fund Balance	\$197,827
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	<u>188,903</u>
Net Assets of Governmental Activities	<u>\$386,730</u>

Amounts reported for governmental activities in the statement of activities are different than those in the fund statement of revenue and expenditures because:

Net Change in Fund Balance	\$28,998
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period.	466
Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).	<u>39,100</u>
Change in Net Assets of Governmental Activities	<u>\$68,564</u>

**NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budget Information**

The annual budget is prepared by the Township's management and adopted by the Board and subsequent amendments to the budget are approved by the Board. The annual operating budget has been prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America and at the department/activity level. Unexpended appropriations lapse at year-end.

**Excess of Expenditures Over Appropriations in Budgeted Funds**

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Township's actual expenditures and budgeted expenditures have been shown on a department/activity basis. During the fiscal year ended March 31, 2005, the Township incurred expenditures that were in excess of the amounts appropriated, as follows:

	Original Budget	Amended Budget	Actual	Over Budget
Public Safety				
Fire Department Appropriation			82,707	(82,707)
Public Works				
Recycling Center	5,385	6,135	6,270	(135)
Other Functions				
Insurance Expense	3,200	3,430	4,227	(797)
Capital Outlay				
Capital Improvements		7,750	10,742	(2,992)

Sunfield Township  
Notes to the Financial Statements  
March 31, 2007

**NOTE 4--DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits and investment policy are in accordance with statutory authority.

The Township Board has not adopted an investment policy as required by Act 20 PA 1943, as amended.

At year-end, the Township's deposits and investments were reported in the basic financial statements as Cash.

The Township's deposits are in accordance with statutory authority.

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

Statement of Net Assets	
Cash	\$182,477
Statement of Fiduciary Net Assets	<u>27</u>
Total	<u>\$182,504</u>

Deposits and investments

Bank deposits	
(checking and savings accounts)	\$182,504

The bank balance of all Township deposits (including the Tax Collection fiduciary fund) is \$229,997 of which \$127,391 is covered by federal depository insurance.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$102,605 of the Township's bank balance of \$229,997 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Sunfield Township  
Notes to the Financial Statements  
March 31, 2007

**NOTE 5--CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Beginning			Ending
Capital Assets Not Being Depreciated	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
Land	<u>\$91,536</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$91,536</u>
Subtotal	<u>91,536</u>	<u>0</u>	<u>0</u>	<u>91,536</u>
Capital Assets Being Depreciated				
Buildings	81,401			81,401
Parking and Driveways	22,986	2,160		25,146
Equipment	<u>31,123</u>	<u>8,582</u>		<u>39,704</u>
Subtotal	135,510	10,742		146,252
Less Accumulated Depreciation for				
Buildings	13,052	3,401		16,453
Parking and Driveways	2,450	1,726		4,177
Equipment	<u>23,108</u>	<u>5,147</u>		<u>27,965</u>
Subtotal	<u>38,610</u>	<u>10,275</u>		<u>48,884</u>
Net Capital Assets Being Depreciated	<u>\$96,900</u>	<u>\$10,742</u>	<u>\$10,275</u>	<u>\$97,367</u>
Governmental Activities Total				
Capital Assets--Net of Depreciation	<u>\$188,436</u>	<u>\$10,742</u>	<u>\$10,275</u>	<u>\$188,903</u>

Depreciation expense was charged to programs of the Governmental Activities as follows:

Governmental Activities	
General Government	\$ 5,151
Public Works	<u>5,123</u>
	<u>\$10,275</u>

**NOTE 6--LONG TERM DEBT**

The Township entered into a contractual agreement with the Eaton County Road Commission for construction of highway improvements within the Township. The Township agreed to reimburse the County Road Commission for the costs of the project including payment of debt service on County bonds issued for the project.

The contractual obligation activity can be summarized as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Beginning</u>	<u>Additions</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Rate</u>	<u>Matures</u>	<u>Balance</u>	<u>(Reductions)</u>	<u>Balance</u>	<u>One Year</u>
County Road Agreement	6%	June 1	\$39,100	\$(39,100)	\$0	\$0

Sunfield Township  
Notes to the Financial Statements  
March 31, 2007

**NOTE 7--DEFINED CONTRIBUTION PENSION PLAN**

The Township provides pension benefits to its employees who are employed for more than 20 hours per week on a regular basis, the Assessor, and all Township Board members through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by Public Act 77 of 1989, as amended, the Township contributes 6.2 percent of the premium arising under the annuity. Each participating employee is responsible for the remainder of the premium through payroll deduction. Each employee covered under the annuity is fully vested after one month of the employee's eligibility in the plan.

The Township's total payroll during the current year was \$43,368. The current year contribution was calculated based on covered payroll of \$23,795, resulting in an employer contribution of \$2,125.

**NOTE 8--RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for liability claims through Michigan Townships Participating Plan. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Sunfield Township  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended March 31, 2005

Exhibit 6

	Original Budget	Amended Budget	Actual	Variance with Final Budget
Budgetary Fund Balance, April 1, 2006	126,194	126,194	168,829	42,635
Reources (Inflows)				
Taxes				
Taxes	46,000	46,000	46,889	889
Delinquent Taxes		9,628	4,367	(5,260)
Delinquent Personal Prop Taxes		57	57	
Penalties			649	
Administration Fee	14,000	14,000	14,991	991
Licenses and Permits				
Cable Franchise Fee	900	891	891	-
Dog Licenses			115	115
State Grants				
METRO Fee	3,800	3,800	3,940	140
Summer Tax Collection	3,000	3,940	3,373	(568)
State Revenue Sharing	113,375	113,375	107,894	(5,481)
Local Grants				
Recycling Grant-Eaton County	5,385	6,631	12,799	6,168
Interest and Rentals				
Interest	1,000	2,000	3,210	1,210
Rent	175	200	200	-
Charges for Serveces				
Grave Openings	4,000	7,250	8,450	1,200
Recycling Fees	1,500	2,522	2,591	69
Copies-FOIA			69	69
Charges for Services-Sales				
Sale of Cemetery Lots	2,200	440	440	-
Other Revenue				
Special Assessments			75,616	75,618
Delinquent Special Assessments			7,090	7,090
Election Reimbursement			611	811
Miscellaneous Clearing	3,000	851	98	(553)
Amounts Available for Appropriation	324,529	337,578	463,368	125,790
Charges to Appropriations (Outflows)				
General Government				
Township Board	10,400	10,650	5,743	4,907
Supervisor	9,750	9,750	8,117	1,633
Assessor	15,015	15,015	13,691	1,324
Clerk	11,580	11,794	9,983	1,811
Treasurer	15,765	17,005	15,927	1,078
Board of Review	1,675	1,675	1,238	437
Elections	4,500	4,940	3,875	1,065
Cemetery	22,695	24,870	18,155	6,715
Public Safety				
Fire Department Appropriation			82,707	(82,707)
Public Works				
Drains-Public Benefit	33,600	33,600	24,724	8,876
Roads and Highways	10,000	10,000	8,888	1,113
Recycling Center	5,385	6,135	6,270	(135)
Health and Welfare	10,885	10,885	10,885	-
Other Functions				
Insurance Expense	3,200	3,430	4,227	(797)
Contingency	3,500	3,500		3,500
Capital Outlay				
Capital Improvements		7,750	10,742	(2,992)
Debt Service				
Debt - Principal	39,100	39,100	39,100	-
Debt - Interest	1,285	1,285	1,272	13
Total Charges to Appropriations	198,335	211,384	265,541	(54,157)
Budgetary Fund Balance-March 31	126,194	126,194	197,827	(71,633)



# Richard L. Baldermann

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August 9, 2007

Sunfield Township Board  
PO Box 68  
Sunfield, MI 48890

Dear Board Members:

I was engaged to audit the financial statements of Sunfield Township for the year ended March 31, 2007, and have issued my report thereon dated August 9, 2007.

In planning and performing my audit of the financial statements of Sunfield Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, I considered the Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, I do not express an opinion on the effectiveness of the Township's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. I consider the following deficiencies to be significant deficiencies in internal control. Each is discussed in detail in the attached Comments and Recommendations Report.

- Interest earned at fiscal year end is not recorded timely;
- Special Assessment Tax Levy is not recorded properly
- Budget Amendments are made after fiscal year end;
- There are instances of excess of expenditures over appropriations; and
- There is not an Investment Policy.

This report is intended for the information of management and other regulatory agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Richard L. Baldermann, CPA

Sunfield Township  
Comments And Recommendations  
March 31, 2007

**SIGNIFICANT DEFICIENCIES**

Although the following are not considered material weaknesses in internal control, my audit disclosed certain other significant deficiencies that I wish to point out for consideration by the management of Sunfield Township

**Interest**

Interest earned at fiscal year end is not recorded timely.

General checking interest is not recorded timely as follows:

- March 2006 interest wasn't posted until May 17 30.34

Union Bank CD interest payments were not recorded appropriately as follows:

- March 2006 interest 155.90
- January 2007 interest 178.34
- April (interest thru March) 160.00

Tax Fund interest is not recorded timely as follows:

- March 2007 interest 70.39

I recommend that interest be recorded in the period it is earned.

**NONCOMPLIANCE WITH STATE STATUTES**

My examination revealed the following instances of noncompliance with State Statutes.

**Special Assessment Tax Levy**

Sunfield Township levies a special assessment millage to provide funding for the Sunfield, Sebewa and Danby Fire Department pursuant to an intergovernmental agreement. That levy is distributed directly to the fire department from the Tax Collection Fund.

The special assessment is levied by Sunfield Township (not the Sunfield, Sebewa and Danby Fire Department) to pay the Township's share of the Fire District pursuant to the intergovernmental Agreement dated April 1, 1999. As such, the amounts collected MUST be distributed to the Township and appropriated by the Township prior to forwarding to the Fire District.

I recommend that the special assessment the proceeds be distributed to the Township general fund. The Township Board should provide an appropriation in the general fund budget in an amount equal to the special assessment levy to meet their obligation under the intergovernmental agreement.

**Budget Amendments**

Final budget amendments are made after fiscal year end as follows:

- April 3, 2006 Township Board meeting-Budget amendment for prior fiscal year (March 31, 2006) approved.
- April 9, 2007 Township Board meeting-Budget amendment for prior fiscal year (March 31, 2007) approved.

Section 17 of the Uniform Budgeting and Accounting Act (MCL 141.437) states in part:

. . . the legislative body of the local unit shall amend the general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined.

Note that the Budget Act requires budget amendments *before* any expenditure which would exceed the budget occurs. There is no authority to amend the budget after year end.

I recommend that all amendments to the budget be adopted as required by the Budget Act.

Sunfield Township  
Comments And Recommendations  
March 31, 2007

**NONCOMPLIANCE WITH STATE STATUTES** (continued)

**Excess of Expenditures Over Appropriations in Budgeted Funds**

During the fiscal year ended March 31, 2005, the Township incurred expenditures that were in excess of the amounts appropriated, as follows:

Public Safety			
Fire Department Appropriation		82,707	(82,707)
Public Works			
Recycling Center	6,135	6,270	(135)
Other Functions			
Insurance Expense	3,430	4,227	(797)
Capital Outlay			
Capital Improvements	7,750	10,742	(2,992)

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

**Investment Policy**

Sunfield Township has not adopted an investment policy which is required by the **Investment of Surplus Funds of Political Subdivisions Act** (Act 20 of 1943). Section 5 (MCL 129.95) of the Act requires

- (1) . . . a governing body, in consultation with the investment officer, shall adopt an investment policy that, at a minimum, includes all of the following:
  - (a) A statement of the purpose, scope, and objectives of the policy, including safety, diversification, liquidity, and return on investment.
  - (b) A delegation of authority to make investments.
  - (c) A list of authorized investment instruments. If the policy authorizes an investment in mutual funds, it shall indicate whether the authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share or also includes securities whose net asset value per share may fluctuate on a periodic basis.
  - (d) A statement concerning safekeeping, custody, and prudence.

I recommend that the Treasurer and the Township Board take immediate action to develop and adopt an investment policy.